

SECOND REGULAR SESSION

# HOUSE BILL NO. 1788

## 93RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES OXFORD (Sponsor), STORCH, ROORDA, WALTON,  
SANDERS BROOKS, LOW (39), DONNELLY, BOYKINS, BAKER (25), JOHNSON (61), FRASER,  
JOLLY, ZWEIFEL AND HUBBARD (Co-sponsors).

Read 1st time February 15, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

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### AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating solely to the creation of an earned income tax credit.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be  
2 known as section 135.760, to read as follows:

135.760. 1. For all taxable years beginning on or after January 1, 2007, a resident  
2 individual who is allowed a federal earned income tax credit under Section 32 of the Internal  
3 Revenue Code of 1986, as amended, shall be allowed a credit against the tax otherwise due under  
4 chapter 143, RSMo, not including sections 143.191 to 143.265, RSMo, in an amount equal to  
5 five percent of the allowable federal earned income tax credit. For all taxable years beginning  
6 on or after January 1, 2009, a resident individual who is allowed a federal earned income tax  
7 credit under Section 32 of the Internal Revenue Code of 1986, as amended, shall be allowed a  
8 credit against the tax otherwise due under chapter 143, RSMo, not including sections 143.191  
9 to 143.265, RSMo, in an amount equal to ten percent of the allowable federal earned income tax  
10 credit. For all taxable years beginning on or after January 1, 2011, a resident individual who is  
11 allowed a federal earned income tax credit under Section 32 of the Internal Revenue Code of  
12 1986, as amended, shall be allowed a credit against the tax otherwise due under chapter 143,  
13 RSMo, not including sections 143.191 to 143.265, RSMo, in an amount equal to twenty percent

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

14 of the allowable federal earned income tax credit. The tax credit allowed by this section shall  
15 be claimed by such individual at the time such individual files a return and shall be applied  
16 against the income tax liability imposed by chapter 143, RSMo. Where the amount of the credit  
17 exceeds the tax liability, the difference shall be refunded to the taxpayer or carried forward into  
18 each subsequent taxable year until such credit is fully used.

19       2. The director of the department of revenue shall promulgate rules and regulations to  
20 administer the provisions of this section. Any rule or portion of a rule, as that term is defined  
21 in section 536.010, RSMo, that is created under the authority delegated in this section shall  
22 become effective only if it complies with and is subject to all of the provisions of chapter 536,  
23 RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are  
24 nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536,  
25 RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently  
26 held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted  
27 after August 28, 2006, shall be invalid and void.

28       3. Notwithstanding the provision of subsection 4 of section 32.057, RSMo, the  
29 department of revenue or any duly authorized employee or agent shall determine whether any  
30 taxpayer filing a report or return with the department of revenue who has not applied for the  
31 credit allowed under this section may qualify for the credit, and shall notify any qualified  
32 claimant of the claimant's potential eligibility, where the department determines such potential  
33 eligibility exists.

34       4. Pursuant to section 23.253, RSMo, of the Missouri Sunset Act:

35       (1) The provisions of the new program authorized under this section shall automatically  
36 sunset six years after the effective date of this section unless reauthorized by an act of the general  
37 assembly; and

38       (2) If such program is reauthorized, the program authorized under this section shall  
39 automatically sunset twelve years after the effective date of the reauthorization of this section;  
40 and

41       (3) This section shall terminate on September first of the calendar year immediately  
42 following the calendar year in which the program authorized under this section is sunset.

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